

Date of Hearing: April 26, 2011

ASSEMBLY COMMITTEE ON VETERANS AFFAIRS

Paul J. Cook, Chair

AB 1209 (Cook) – As Amended: April 11, 2011

SUBJECT: County veterans service officers ("CVSO"), funding.

SUMMARY: This bill would appropriate the sum of \$7,300,000 from the General Fund to the Department of Veterans Affairs for disbursement to the counties to fund the activities of the county veterans service officers to provide for specified veterans' services. The bill makes specific allocations for CVSOs, grants to counties and non-profit organizations for veterans services, and for Operation Welcome Home or a successor program.

EXISTING LAW/FACTS: CVSOs are local agencies established in 1946 to assist veterans and their families in obtaining benefits and services accrued through military service. They act as the Department's network for claim initiation and development and draw down significant federal dollars annually.

CVSO funding is a combination of local and state resources. The 2009-10 Budget Act provided \$2.6 million GF (a level static since 2004) and \$554,000 from the Veterans Service Office Fund (veteran license plate funding restricted to CVSO's) to counties toward compensation and expenses of CVSOs.

In 1997, the Legislature passed and the Governor signed Senate Bill 608, enacted as Chapter 318 of the Statutes of 1997, that amended Section 972.1 of the Military and Veterans Code. Chapter 318 requires the Department of Veterans Affairs to annually determine the amount of new or increased monetary benefits paid to eligible veterans by the federal government that were attributable to the assistance of county veterans service officers and requires the Department of Finance to consider an increase in the annual budget for county veterans service officers, in an amount not to exceed five million dollars (\$5,000,000), if justified.

From 2007 until 2010, the annual subvention was increased to two million six hundred thousand dollars (\$2,600,000). In 2009, the Legislature passed and the Governor signed Senate Bill 419, enacted as Chapter 183 of the Statutes of 2009 that amended Section 972.1 of the Military and Veterans Code. Chapter 318 found and declared that 50 percent of the amount annually budgeted for CVSOs is approximately eleven million dollars (\$11,000,000). During Fiscal Year 2009-10 federal monetary benefits obtained by CVSO's totaled \$299 million.

FISCAL EFFECT: Unknown.

COMMENTS: According to the Author:

The current conflicts in Iraq and Afghanistan are creating an entirely new generation of veterans who are eligible for federal benefits because of their service. Californians make up ten percent of the service members being used in these conflicts. Most of these returning California veterans are not aware of the federal and state benefits that are available to them.

County Veteran Service Officers (CVSOs) are located in fifty-six of California's fifty-eight counties, with the only exceptions being the two with the smallest populations: Sierra and Alpine. California has more veterans than any other state, and is home to more than 2.1 million veterans and 7 million dependents of veterans.

CVSOs contribute to increased revenues and significant cost avoidance for the state and its counties far in excess of the amount of state general funding provided to them. Since 1995, at a cost to the state of \$33 million from the General Fund, the CVSOs have obtained over \$2 billion in federal veterans benefits for California veterans and their dependents, thereby garnering the state a sixty-fold increase on their investment. The budget that was proposed in January would stop all state support for the small, backlogged county offices which currently connect veterans with federal benefits, medical care, and counseling. For example, in Contra Costa County the loss of these funds could result in the loss of \$90,000 and one of the four employees in that office. Given the amount of federal money the county offices draw into California for veterans, the cuts may hurt the state more than they would help to ease the budget strain.

According to Assembly Budget Subcommittee No. 4 on State Administration:

"Governor's Budget. The Governor's Budget eliminates the General Fund contribution to County Veteran Service Offices (CVSO's), totaling \$9.9 million (\$7.6 million local assistance and \$2.3 million state operations) in 2011-12.

2010-11 Budget. A May Revision proposal in the 2010-11 Budget provided new funding to implement and sustain Governor Schwarzenegger's Operation Welcome Home (OWH), intended to assist veterans in receiving coordinated assistance including job placement, unemployment benefits, housing, healthcare, and federal, state, and local veterans' benefits and services

The May proposal increased CVSO's as follows: (1) \$5 million GF in ongoing operations funding for CVSOs; and (2) a one-time VSOF augmentation of \$768,000 to be spent over three years to implement the Subvention Administrative Information System - a hosted web-based service application system that will help each of the 56 County Veteran Service Offices with benefit case management.

2010-11 budget provisional language restricts expenditure of the \$5 million GF provided for CVSOs and OWH. The language permits the DOF to authorize expenditure of the funds subject to 30-day prior notification to the Joint Legislative Budget Committee (JLBC) and the fiscal committees of the Legislature. The DOF notification is required to include a CDVA plan detailing: (1) the process for awarding the funds; (2) how CDVA will measure performance of funding recipients; (3) the related data collection instrument; and (4) efforts to coordinate funding recipients and other agencies working on OWH. While CDVA submitted a plan to JLBC on December 22, 2011, DOF has not provided notice of intent to authorize expenditure of the funds. Without such DOF authorization, the funds will not be spent by CDVA or CVSOs and instead will be GF savings for 2010-11.

The Governor's Budget eliminates the \$2.6 million base funding for CVSO's and the \$5 million OWH augmentation first provided in 2010-11. The base funding of \$2.6 represents a 15 to 17 percent reduction in CVSO funding."

According to the Legislative Analyst's Office November 18, 2009 report, "The 2010-11 Budget: California's Fiscal Outlook":

Our forecast of California's General Fund revenues and expenditures shows that the state must address a General Fund budget problem of \$20.7 billion between now and the time the Legislature enacts a 2010-11 state budget plan. The budget problem consists of a \$6.3 billion projected deficit for 2009-10 and a \$14.4 billion gap between projected revenues and spending in 2010-11. Addressing this large shortfall will require painful choices—on top of the difficult choices the Legislature made earlier this year.

REGISTERED SUPPORT / OPPOSITION:

Support

Monterey Cypress Unit 694-American Legion Auxiliary.
Veterans of Foreign Wars, Department of California
Maria Clara Carrancho
County of San Bernardino
The American Legion-Department of California
AMVETS- Department of California
California Association of County Veterans Service Officers
California State Commanders Veterans Council
The Military Officers Association of America-California Council of Chapters
The Student Veterans of California
Vietnam Veterans of America-California State Council

Opposition

None on file.

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